

Testimony

of Brian O'Shaughnessy

President and Chief Executive Officer, Revere Copper Products, Inc.

Before the Committee on Government Reform

On Rising to the Challenge - Winning in Today's International Climate

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Good afternoon, Mr. Chairman and members of the committee. I am Brian O'Shaughnessy, President of Revere Copper Products, Inc. My company was founded by Paul Revere in 1801 and may be the oldest manufacturing company in the USA.

Paul Revere grew up in his father's silversmith shop and was destined to become America's finest silversmith. A big issue in 1773 was the British tax on tea. One night Paul Revere plus about 100 members of the Sons of Liberty disguised themselves as Indians and tossed tea from three merchant ships into Boston Harbor to protest the tax.

But just imagine how Paul would have reacted if his silversmithing business had to put up with the tax scheme that burdens US manufacturing today. The current tax code represents a major drag on our economy and we need a tax code designed for the 21st century. In order to improve the competitive position of U.S. companies, policy makers should move towards a simpler and fairer tax code that encourages savings and investment and promotes economic growth. Tax relief enacted in recent years, including the lower tax rates for many small businesses, has been very helpful and Congress needs to build on these changes and make them permanent.

In April of '75, Paul was a member of yet another secret society watching the movement of British troops. He waited with a swift horse for the signal...two lanterns would be shown if the British moved by sea and one, if by land.

*"He springs to the saddle, the bridle he turns,
A second lamp in the belfry burns!
And yet, through the gloom and the light,
The fate of a nation was riding that night."*

But Paul was more than an expert horseman and a master silversmith. In his spare time, Paul engraved copper plates and printed money to support the cause. Powder was in short supply so Paul built a factory to make gunpowder. Next, he began manufacturing cannon. I'm sure you never heard about this side of Paul Revere, but then history pays so much attention to battles and wars and so little to the mining and manufacturing base that makes winning them possible.

Imagine once again how Paul would have fared if he faced the legal tangle that manufacturing faces today. The liability costs imbedded in health care, plant operations and product use is unlike anything faced by manufacturing companies anywhere else in the world.

Following the revolutionary war, American ships were besieged by Algerian pirates. The United States began building a naval fleet including a mighty warship, The Constitution. Paul Revere already manufactured numerous brass parts for ships. But The Constitution would need sheet copper to sheath its hull.

Ever the entrepreneur, Paul put up \$12,000 of his own money, secured a \$10,000 loan from the US Navy and constructed a copper rolling mill – the first in the new world. Revere and Son started up in 1801 while many of our founding fathers still ran the country. They provided the loan because they recognized the critical importance of domestic manufacturing for national defense.

Now you might conclude based on these remarks that I am a strong supporter of domestic content laws and opposed to outsourcing...but that is not the case and let me explain why. About eight years ago, the British government decided it needed a new parliament office building across the street from Big Ben. So the contractor bid out the roof which was to be made of a complex alloy – copper nickel aluminum bronze. Revere was awarded the job because we had the best price and the best reputation in the world for producing such a complex product. So think about it – today those British government employees are working under a roof supplied by a company founded by Paul Revere!

On May 10, 1818, Paul passed away but the midnight ride continued in a way that would have made America's first industrialist proud. Along with his country, Revere and Son prospered and became Revere Copper Products. Like many manufacturing companies, Revere benefited from an abundant supply of low cost energy. Although the oil industry has developed new techniques to reduce environmental impact, instead of drilling for oil where it can be found in Alaska and offshore, we are building costly windmills. The true costs are hidden as they are so bad that wind power must be mandated, subsidized and surcharged. Even if construction of such wasteful windmills increased 10% a year for 20 years, it would then only represent 1% of the nation's capacity but the blight of scenic areas would be massive. This is because only a small fraction of its designed capacity can be counted towards a state's reserve requirements because it is so unpredictable and therefore unreliable.

Our nation's economy is suffering from the burden of increasing energy costs that are stealing the savings of families and the manufacturing jobs of its workers. France uses clean, low cost nuclear technology for 80% of its generation. The USA has coal reserves for clean coal generation equal in btu content to all the oil in Saudia Arabia. The Chinese plan to build 20 nuclear power plants in the next 20 years, and so should we, along with 20 new clean coal plants. The US federal government should precertify generation sites that balance environmental concerns with economic demands and national security.

Those of us who have invested in technology development have all experienced the mounting frustration as fruition always seems just over the hill. Investing in technology development for nuclear and coal generation is intelligent but then doing nothing else while waiting and hoping for successful deployment of some new technology is national economic suicide.

US tax, legal, energy and environmental policies are all combining to place an unfair and, indeed, unsupportable burden on the manufacturing worker in the USA. Manufacturing companies such as Revere are being taxed, sued and regulated to death. Significant reform is needed of US tax, legal, energy and environmental laws in order for our country to continue to provide American workers with the skilled jobs needed for products “Made in the USA.”

But that is only half of the impact on manufacturing jobs. Just as significant as the damage we are doing to ourselves is the damage caused by one country to the rest of the world. The Chinese government recognizes this great truth....an entity that creates skilled jobs is a precious thing! While we are mindful of the great need of the Chinese government to create jobs for its people, all manufacturing outside China is being severely impacted by China’s policy of controlled exchange rates, unfair subsidies – including subsidies for copper and brass scrap, and rampant theft of intellectual property including both copyright piracy and trademark counterfeiting. This is a huge challenge to world manufacturing and the world is sleeping.

So, if Paul Revere rode into this room, what would he say?
THE CHINESE ARE COMING!